

**Uganda FY 2002 – 2006
P.L 480 Title II Program**

CSR4

**Fiscal Year 01 Results Report
&
Fiscal Year 03 & 04 Resource Request**

Submission Date: 12 October, 2006

HEADQUARTERS

Avram (Buzz) Guroff
50 F Street NW
Suite 1100
Washington DC 20001 USA
Tel.: (202) 383 4961
Fax: (202) 626 8726

UGANDA OFFICE

B. F. Runnebaum
Plot # 10, Kalitunsi Road
Bugolobi, P O Box 7856,
Kampala, Uganda
Tel.: (011-256-41) 343 306
Fax: (011-256-41) 236 300

Table of Contents

I. Results Report

A. Annual Results	1
B. Monitoring and Evaluation, Audits, and Studies	6
C. Expenditure Report.....	7
D. Monetization Sales.....	8
1. Analysis of Monetization Transaction(s)	8
2. Monetization Results	8

II. Resource Request

A. Program Request Summaries	10
B. Activity Resource Requirements.....	12
1. Financial Plan.....	12
2. Commodities	15

Appendices

- A. IPTT
- B. Expenditure Report
- C. Resource Request Budget
- D. Annual Estimate of Requirements (Commodities)
- E. Bellmon Analysis
- F. Certification Regarding Lobbying
- G. Wheat and Oil Cost Recovery Calculations
- H. Environmental Status Report

LIST OF ACRONYMS

ARR	Annual Results Report
BHR	Bureau for Humanitarian Response
CERUDEB	Centenary Rural Development Bank
C&F	Cost and Freight
CS	Cooperating Sponsor
DAP	Development Activity Proposal
DDS	Dietary Diversity Score
FaaB	Farming As A Business Training Course
FEWS	Famine Early Warning System project
FFP	Office of Food For Peace
FSC	Food Security Committee
FFP	Food For Peace Office
FSF	Food Security Fund
FY	Fiscal Year
GMS	Grants Management Structure
GMU	Grants Management Unit
GoU	Government of Uganda
ha	Hectare
HRW	Hard Red Winter
IDEA	Investment in Developing Export Agriculture project
IITA	International Institute for Tropical Agriculture
Kg	Kilogram
LOA	Life of Activity
M&E	Monitoring and Evaluation
MT	Metric Ton
NGO	Non Governmental Organization
PHH	Post Harvest Handling project
SLW	Special Loan Window
USH	Ugandan shillings
UOSPA	Uganda Oilseed Producers' and Processors' Association
WFP	World Food Program

I. RESULTS REPORT

A. ANNUAL RESULTS

Background

Uganda has the agronomic potential to feed much of East Africa, but current subsistence farming practices result in extremely low crop yields and food insecurity. A wide variety of food is produced locally, most of which is grown without improved agricultural inputs. Some of the bottlenecks to the expansion of agricultural growth include the lack of high quality packaging capabilities, storage facilities, high freight costs, lack of feeder roads in rural areas, and untrained manpower. Most crops are grown on small plots with few or no inputs using family labor and non-mechanized cultivation and harvesting. Fertilizer use is very low as there is no systematic market and prices vary widely throughout the country.

ACDI/VOCA designs and implements cooperative development projects in developing countries and emerging democracies worldwide with a primary focus on agriculture and rural credit. Since 1989 ACDI/VOCA-Uganda has been managing a PL-480 Title II Monetization Program to address fundamental causes of food insecurity by sustainably:

- raising agricultural productivity;
- expanding rural incomes; and,
- increasing the nutritional impact to beneficiaries.

These objectives were designed to complement USAID/Uganda's Strategic Objective One (increased rural household income in targeted regions) and the Government of Uganda's (GoU) Plan for the Modernization of Agriculture. Funds for the programming of development activities were generated through the monetization of US vegetable oil and Hard Red Winter wheat to local traders. The sale of these two commodities is intended to liberalize the vegetable oil and wheat markets, therefore supporting the creation of a free market system. Generated proceeds were programmed as Food Security Fund (FSF) grants to local and international NGOs and two commercial banks. Focusing on maize, beans, cassava and oilseeds as the target crops, farmers were equipped with technical skills in, and access to, modern production techniques. In addition, selected rural feeder roads were rehabilitated, and access to credit was improved with the provision of *Special Loan Windows* through two Ugandan banks.

Results (FY 1997 through FY 2000)

ACDI/VOCA-Uganda's collaborative and complementary approach to food security in Uganda has seen substantial development impact. By the end of FY 2000 ACDI/VOCA-Uganda had worked with 35 grantees in 45 districts and had been successful in meeting and indeed exceeding most of its annual targets. The following are some updated highlights of results previously reported in past CSR4s:

- ✓ Maize production totaled 100,767 MT
- ✓ Achievement of 196.5 % of the total LOA target for beans production
- ✓ Sunflower production exceeded the Program's five year target
- ✓ Dietary diversity scores increased by 1.9 points from a baseline of 4.1, exceeding the Program's midterm target of 4.9
- ✓ In FY 2000, 63% of the targeted respondents changed from mud and pole huts to brick while 52% had iron sheets for roofing materials instead of grass
- ✓ Local ownership increases as owners acquired marketing skills and links with distributors, thus becoming more sustainable in nature
- ✓ Road rehabilitation improved the social and economic conditions of local communities

FISCAL YEAR 2001

Food Security Fund

The Title II Indicator Performance Tracking Table is located in Appendix A.

General Summary

On the whole, results submitted by twenty-seven active grantees and analyzed by the Program's monitoring and evaluation contractors show that ACDI/VOCA-Uganda has been successful in meeting ten out of eleven of its LOA targets.

This year ACDI/VOCA-Uganda disbursed grants to 30 grantees worth \$4,890,032 for agricultural production, farm credit, and road rehabilitation activities throughout Uganda. FY 2001 saw increasing adoption of modern agricultural techniques and practices by beneficiaries accounting for a significant rise in the year's yield figures for maize, sunflower, and soybeans. Production targets were exceeded for all crops. The maize target of 66,004 MT was exceeded by 253%. Despite heavy rainfall affecting bean harvests, the Program was still able to achieve 360% of its 17,499 target for FY 2001. Over 1138% of the cassava planting area targeted was achieved. In keeping with the high achievements in previous years, ACDI/VOCA-Uganda achieved 1166% of its vegetable oil target.

Low farm-gate prices for maize and beans tempered resulting crop values, which were already understated by the persistently high shilling/dollar exchange rate. The number of P.L.480 Title II supported agricultural development programs' direct beneficiaries rose to 222,709, an increase of 38,172, or a 21% increase. However, the proportion of women dropped by 1% of total beneficiaries. Despite this, the impact survey recorded an increase of 6% in the proportion of female-headed households from the mid-term survey figure recorded in 1999. A dietary diversity score of 6.3 was achieved, just 0.3 points shy of the LOA target of 6.6, but with improvement on last year's score of 5.5. Intermittent use of a private contractor allowed for more effective management of the feeder roads rehabilitation projects and resulted in 146% of the LOA target of 473 km of roads to be rehabilitated.

The indicators reflect a fruitful year for grantees and these trends were supported by the results of the annual impact survey carried out by the Program's M&E Contractor, The Ssemwanga Center. The final draft of this survey will be shared with USAID/Kampala mission once completed. Even so, it should be noted that the beneficiaries (farmers) continued to face challenges. Marketing

remained the biggest challenge despite the positive results registered through the *Farming as a Business* (FaaB) training. The northern districts of Uganda continued to experience bouts of rebel insurgency and the dollar remained high against the shilling at an average of 1,772 USH/\$1 for the year.

Maize and Beans Production

Maize is regarded as the third most important crop in Uganda and is the most widely grown grain, while beans are considered one of the main crops for human consumption. Maize and beans are therefore highly qualified as two of ACDI/VOCA-Uganda's target crops.

In FY 2001, grants were made to 16 grantees with a focus on maize and bean production and marketing. Results, analyzed from grantee reports, show a substantial increase in maize production. In total 246,975 MT of maize was produced during FY2001. This represents 167,076 MT over baseline as indicated in the IPTT. This exceeds the year's target over baseline by 253%. This high achievement in maize production can be attributed to the year's favorable weather conditions, higher utilization of land for maize, and higher yield figures. Yields rose from 1.84 MT per ha in FY 2000 to 2.99 MT per ha in FY 2001. However, the surplus of maize in the country was met with a large fall in prices; the second season in FY 2001 saw Kenya reap a bumper maize crop, virtually crashing Uganda's main export market. Maize prices fell from an average of 253,000 USH /MT to 120,000 USH/MT. Overall ACDI/VOCA-Uganda achieved 159% of its LOA target for maize production.

Total bean production during FY2001 was 71,105 MT. This calculates to 62,924 MT over baseline for FY2001 as indicated in the IPTT. Yield figures for beans do not show a marked increase despite adoption of improved technologies. The average price of beans for both seasons dropped slightly from 361,000 USH/MT to 300,000 USH/MT. The 161,171 MT of beans produced over the five-year Program represents 322% of the LOA target.

In an effort to provide improved technologies to farmers, ACDI/VOCA-Uganda's program created a *stockist* program. Stockists are essentially shop owners, many of them farmers, who are encouraged to stock agricultural inputs after training in the use of these inputs, seed storage, distribution, and marketing. These stockists are linked with regional distributors and may receive credit from the private sector. This year's results showed continued success with the rise in use of improved maize seed sales of 211.4 MT and beans seed sales increase by 28 MT over last year. Over 350 stockists received support from the Program and the IDEA project, twenty-four of which have graduated from the Program and are now at a self-sustainable level of operation. By the end of FY 2001 P.L 480 program supported stockists recorded more than \$1 million in sales.

Cassava Production

Cassava is one of the most important staple food crops in Uganda. In the early 1990's, a new and virulent strain of the mosaic virus, the Uganda variant of *African Cassava Mosaic Germinivirus* (ACMV), attacked 80% of the country's 500,000 ha under cassava cultivation, jeopardizing the food security of more than 13 million Ugandans. For more than a decade, production declined in many parts of the country to zero, costing the Ugandan's economy US \$60 million a year in lost value. Before the epidemic, Uganda produced 3.5 million MT of cassava annually. One of the foci of this Program was to stem this decline through partnership with IITA and NARO towards

the development, multiplication and distribution of disease-resistant cassava varieties. This has been a highly effective partnership. In FY2001, the Program planted 16,934 ha of cassava and exceeded its target of 1,488 ha. This translates to a total of 423,350 MT of cassava production in FY2001. The increase in tons produced was met with a rise in price of 66,000 USH per metric ton on last year's price of 100,000 USH per metric ton, making the increase in crop value \$39.7 million.

Oilseed Production and Marketing

ACDI/VOCA-Uganda has made great strides in stimulating the local vegetable oil industry. However, only 40% of the national requirement is produced locally. The ACDI/VOCA-Uganda managed Title II program continued to fund the Uganda Oilseed Processors Association (UOSPA), which plays a leading role in organizing the private sector in the revitalization and development of the industry locally. Grants were made to other organizations that offer outreach and training services to rural farmers. To date, impact of the PL-480 funds and technical assistance of ACDI/VOCA has been significant.

Total beneficiary production of sunflowers and soybeans amassed to 98,947 MT and 37,666 MT respectively. This is an increase of 11,301 MT and 12,040 MT respectively. Sunflower yields increased from 1 MT per ha to 1.48 MT per ha, and more acres were used for the cultivation of the two crops. Although the resulting crop values for both sunflower and soybean rose from last year, both crops suffered a fall in average price per ton.

As with last year, an oil extraction rate of 25% was achieved for sunflower and a 10% rate for soybeans. ACDI/VOCA-Uganda achieved 58,712 MT of vegetable oil produced over the five years, or 903% of its target for the life of the project.

Feeder Roads Rehabilitation

Although the road network has improved considerably over the past decade, feeder roads remain in poor condition and serve as a major bottleneck in the movement of produce. The poor transport infrastructure remains one of the greatest hindrances to growth in the country. A lack of institutional capacity combined with lack of effective local community resource mobilization has held back the national roads rehabilitation program. While principal and trunk highways have been restored, it is estimated that one-quarter of feeder roads are impassable during the rainy season.

Since January 1999, a total of 689 km of roads were rehabilitated in conjunction with the local districts. This year the Program engaged a private contracting firm where districts were either lacking vital pieces of equipment or instances where rebel insurgency threatened to sabotage project progress. During FY2001 ACDI/VOCA saw 455 km of roads rehabilitated and handed over to the districts for maintenance at an average cost of 8m USH per kilometer, compared to the average 12-15m USH expended by GoU contractors.

Dietary Diversity

While the dietary diversity score (DDS) of 6.3 is lower than the LOA target of 6.6, it is higher than the DDS score of 5.5 recorded in FY 2000 and the baseline score of 4.1. Indirect beneficiary DDS was recorded at 5.7.

Rural Credit

Investment must be focused on agriculture if it is to be Uganda's economic engine of growth. Farmers have almost no access to credit to improve their productivity or to begin micro-enterprises. Formal banks have inadequate branch networks in rural areas and tend to view rural lending as too risky and expensive. Despite this risk, both banks had more than 95% repayments and want to continue to expand in this new area.

Working with Standard Chartered Bank and Centenary Bank (CERUDEB), ACIDI/VOCA operated two Special Loan Windows (SLWs), which were in an effort to expand agricultural financial services. The SLWs supported farmer procurement of inputs and provided working capital. ACIDI/VOCA-Uganda worked with the IDEA Project and UOSPA to ensure that potential borrowers were financially viable and had sound business plans.

FY 2001 Performance of these two portfolios is demonstrated in the following table.

Bank	CERUDEB	Standard Chartered
Number of loans	420	26
SLW amount (\$000)	609.5	304.7
Average loan period	12 months	8 months
% of SLW funds loaned¹	127	115
Average farm size	50 acres	150 acres
Loan purpose	Input procurement e.g. fertilizers, seeds, tools, labor, pesticide	Maize production, maize milling, input procurement
Crops produced	Maize, sunflower, cassava, beans	Maize

Farming as a Business Pilot Program

The "Farming As A Business" training course was developed in conjunction with the ACIDI/VOCA-Uganda Business and Training Unit (BFTU) and was so well received that grantees had to recruit trainers solely dedicated to the course. More than 100 grantee extension agents were trained by the BFTU. During the months of June to September, the Unit was engaged in field follow-up to ensure that extension workers were correctly disseminating business concepts and practices to farmers. The training tools, manuals, farmers' workbooks and the business game are in the process of being translated into several local languages.

¹ SLW are revolving funds, therefore more money can be loaned than the amount actually provided to the banks by ACIDI/VOCA.

B. MONITORING & EVALUATION, AUDITS, and STUDIES

1. Monitoring & Evaluation (M&E) System

The M&E Plan for the 1997 – 2001 DAP, as submitted to Food for Peace on December 2, 1997 remained unchanged. It outlined the establishment of baseline and the methodology for the monitoring and evaluation of the Program. The indicators were formulated to monitor the activities on a long-term basis (performance measured at baseline, mid-term and end of project), and an annual basis (process indicators are measured yearly). Descriptions were included in the performance and process indicators, with reference to targets, assumptions made, sampling information and measurement instruments. The plan also stated programmatic contribution to USAID/Uganda's Intermediate Results and Gender Strategy. The reporting schedule with a list of the responsible personnel/partners was included.

The ACDI/VOCA-Uganda Monitoring and Evaluation (M&E) Office carried out implementation of the Plan supported by three contracted Ugandan firms. The M&E Team is comprised of the M&E Officer (an expatriate) and an M&E Assistant. The Ssemwanga Center, the M&E contractor, was specifically responsible for training the grantees in data collection, verifying grantee data and analysis of the data. MBW Engineering assisted in the management of the roads rehabilitation projects and Ernst and Young audited grantee accounts. These contractors provided the grantees with necessary supervision and support and submitted reports and information to the ACDI/VOCA-Uganda M&E Office.

In the context of the Mission's Strategic Objective 1 (SO1), the Program continued to collaborate and share information with several USAID-funded projects on Program activities and M&E. These organizations included IDEA, FEWS, PHHS, WFP, Africare, TechnoServe, World Vision and IITA.

2. Audits, Evaluations and Studies

Audit

Between March and October 2001, Ernst & Young audited the Program for the period of April 1, 1998 to September 30, 2001. A draft report was received on December 5, 2001. There were no reportable issues. The final report will be forwarded to USAID in early February.

Annual Impact

The Ssemwanga Center conducted three impact surveys during the LOA, in 1999, 2000 and 2001. The surveys were carried out in the months of October and November following the close of the fiscal year. In order to measure real impact, survey results were measured against benchmarks established in the first year of project implementation. This year 373 beneficiaries were interviewed from a sample of 12 of the current grantees. This was supplemented by 9 focus group discussions to obtain qualitative data. Highlights not previously mentioned in this report are as follows:

- Mean area planted with pure stand maize went from 0.73 ha to 2.58 ha per farmer; mean output of maize per farmer of both direct and indirect beneficiaries more than tripled.

- Gross income from maize rose from \$141 to \$446 per farmer
- Analysis indicated an upward trend in programmatic output of beans, but also suggested grantee overstatement of tons produced for the year
- Sunflower remained the dominant raw material for the production of vegetable oil. Output from farmers participating in the P.L 480 program for sunflower production rose by more than half from last year. This is attributed to the rise in the number of crop growers. There was a corresponding increase in vegetable oil produced using the sunflower material.
- Area used for cassava cultivation by indirect beneficiaries almost matched that cultivated by direct beneficiaries. Mean output per farmer in the control group increased from 0 MT in 1997 to 16.3 MT by the end of FY 2001 with gross income increasing to 56,000 UShs from 0 UShs/MT.
- Soybean production registered an increase over last year's production. However, this season soybean yields were affected by a high incidence of the "*soybean rust*" disease.

External Evaluation

In March and April 2001, Bob Pierce and David Rinck, two independent consultants, carried out a final Program impact evaluation. The methodology included meetings with officials from the Program, credit institutions and the contracting partners. Visits were made to a number of project sites, including rural feeder roads. The findings confirmed results reported and commended ACIDI/VOCA-Uganda's approach towards food security in Uganda. Recommendations included the continued use of private contractors for the roads project, when necessary, and continued capacity development of The Ssemwanga Center. A copy of this report was submitted in the summer of 2001 to USAID's Office of Food for Peace.

Studies

A study was carried out in July 2000 by Dr. Paul Mosley, from the University of Sheffield, into the viability of a CERUDEB crop insurance scheme. The study concluded that a crop insurance scheme would be viable if CERUDEB's own staff was to operate the scheme with contractual relationships with weather stations. Pilot contingencies include compensation for not more than 80% of expected crop losses due to drought with a minimum 6% premium. The report also stated that should USAID provide an ongoing subsidy, support should come in the form of temporary payment of the reinsurance premium with a five-year phase out strategy. The study findings and its recommendations were shared with the USAID/Kampala mission.

C. EXPENDITURE REPORT

The actual expenditure report for the life of project is located in Appendix B.

D. MONETIZATION SALES

1. Analysis of Monetization Transactions

The Monetization Cost Recovery Worksheet in Appendix G summarizes sales of wheat grain and vegetable oil during FY 2001. The worksheet for vegetable oil shows monthly tenders sold on a small lot basis. ACDI/VOCA monetizes on behalf of Africare, Technoserve and World Vision. All proceeds from wheat are pooled and shared based on the Cooperating Sponsor's (CS) percentage in the pool. Some of the *Call Forwards* were combined to take advantage of lower freight rates. All Cooperating Sponsors in Uganda will use this worksheet for this year's report.

2. Monetization Results

A. Maximizing Value of Proceeds

Hard Red Winter Wheat Grain

During FY 2001, three sales of approximately 5,000 MT/sale of Cooperating Sponsors' wheat grain were conducted to two wheat millers, Ntake Bakery of Kampala and Kengrow Industries Ltd. of Jinja. Strong sales prices were maintained due to the timing of the sales and also the negotiation process with the buyers. CS's approved wheat grain shipments were combined to minimize delivery costs through economies of scale. The sales were spread evenly throughout the year to provide a constant supply of grain, while recognizing that rival wheat grain from Australia and Argentina would be purchased for supplementary and blending purposes. Each sale was bid competitively, but a negotiation process normally occurred with each buyer to raise the bid price based on international and local market conditions, both of which were tracked on a regular basis. The sales price of wheat remained strong in FY 2001 at an average of \$277/MT, surpassing the projected estimate by \$27/MT. The average cost recovery percentage for FY 2001 was 91%.

Vegetable Oil

The past fiscal year saw a decrease in Title II vegetable oil sales. This was characterized by a decrease in both demand and price. The sales volume for the period was 2,338 MT sold over 10 sales with income of approximately \$2 M and an average cost recovery of 86%. This compared to tonnage and proceeds of 4,047 MT and \$4.5 M respectively from the previous year. An aggressive advertising campaign launched in mid 2001 had little impact in turning around weak sales. This new trend in the market is linked to a number of factors: historically low prices of crude palm oil which is imported to Uganda and further refined and sold, lack of an up-country distribution mechanism compared to competitors, decreased purchasing power in Uganda, devaluation of the shilling against the US dollar (C&F value of oil is factored in USD), and USA oil packaging is neither user-friendly nor recyclable compared to the packaging offered by other vegetable oil importers and local producers.

The direct results of poor sales were both a decline in the Program's anticipated revenues and also the build-up of inventory in the warehouse. The latter had consequences such as: balances of stock approaching "expiration", insurance liability, and storage constraints. All these factors increased operational costs and tended to lower sales prices. This trend is evident from the

attached Monetization Cost Recovery Worksheet. In late 2001, the Program experimented with new radio advertisements targeting wholesalers and final consumers. In early 2002, we intend to embark on an up-country “road show” to further stimulate demand. New and creative sales methods are under consideration to try to stimulate consumers’ demand for US vegetable oil.

Currency Fluctuations

Currency fluctuations presented a unique challenge to monetization sales. Since wheat grain sales had a fixed exchange rate upon the time of negotiation, buyers and the Program were normally insulated from devaluation during the payment period. With vegetable oil, however, monthly sales were affected by currency devaluation because of the pegging of C&F to the US dollar. In other words, currency devaluation resulted in a lower cost recovery. In the event of devaluation, the bid price cut-off was set higher in order to achieve the benchmark. However, this meant that the volume for the month was lower.

B. Monetization Sales Impact

Hard Red Winter Wheat Grain

Recent data suggests that production of wheat grain in the country continued to decrease steadily below 1,000 MT per annum. There are two small “soft” wheat variety growing areas in Kapchorwa and Kabale Districts. Since these two regions have poor road access and are quite far from existing wheat mills, this has contributed to the steady decline of wheat production. Even if locally produced soft wheat was grown in larger quantities, it would not reduce the demand for imported hard red wheat. Hard red winter wheat is often blended with less expensive imported soft wheat and produces better quality bread and other commonly consumed baked goods. Given this situation, imported wheat grain did not have any impact on local production.

One of the challenges in the marketing of HRW wheat in FY 2001 was the quality of the grain from the 2001 US Hard Red Winter Wheat crop. The grains tended to be small and had a low extraction rate. Both buyers complained of these issues and also the high amount of dockage compared to Australian, Argentine and Pakistani grains.

The importation of HRW wheat did not hinder local production of other staple food crops. It may have increased food security slightly by satisfying increasing demand for flour at a reasonable price.

Vegetable Oil

The sale of USA oil had a positive impact on oil price stabilization and local production of edible oils. First, the presence of USA oil on the market stabilized the price of the largest producer of edible oil who would otherwise have a monopoly on oil sales in Uganda. Second, the proceeds from the USA oil were used to fund projects to increase domestic oilseeds production and support oilseed producers. PL-480 funds were used in support of the Uganda Oilseeds Producers and Processors Association (UOSPA). Furthermore, ACDI/VOCA assisted some producers and processors through a collateral support program with two major commercial banks. As stated in the indicator section of this report, the PL-480 program had a significant impact on food security

through its oilseeds initiative and contributed to the increase in both oilseed production and locally produced oil.

FISCAL YEAR 2003 and 2004 RESOURCE REQUEST

II. Resource Request

A. Program Request Summaries

FY Summary Request Table (2003 and 2004)

The table below summarizes the commodity requests and anticipated revenues for FY 2003 and FY 2004. This information is taken directly from the recently approved DAP for the 2002-06 period.

Program Component	Commodity	Commodity	Section 202(e)	Section 202(e)	Monetization. Budget	PVO Cost Share	Commodity	Section 202(e)
(note each technical area*)	Approved DAP (MT) for FY 2003	Resource Request (MT) for FY 2003	Approved DAP (\$) for FY 2003	Resource Request (\$) for FY 2003	(\$ from comprehensive budget	(\$ from comp. budget	Expected Request (MT) for FY 2004	Expected Request (\$) for FY 2004
Obj. 1 Agriculture HRW Wheat-Monet.	7,610	7,610	\$75,859	\$159,304	\$1,068,540	\$0	7,610	\$188,226
Obj. 1 Agriculture Veg. Oil – Monet.	1,910	1,910	\$75,859	\$37,930	\$1,068,540	\$0	1,860	\$44,816
Obj. 2 Health Veg. Oil-Monet.	1,590	1,590	\$75,859	\$34,137	\$1,068,540	\$0	1,640	\$40,334
Obj. 2 Health CSB Distribution	6,570	6,570	\$75,859	\$136,546	\$1,068,540	\$0	6,570	\$161,337
Obj. 2 Health Veg. Oil-Distribution	550	550	\$75,859	\$11,379	\$1,068,540	\$0	550	\$13,445
TOTAL	18,230	18,230	\$379,295	\$379,295	\$5,342,700	0	18,230	\$448,157

The Beneficiary Summary by Technical Area below depicts the number of beneficiaries who will benefit from each objective. This information is taken directly from the new 2002-06 DAP.

Beneficiary Summary by Technical Area:

Program Component (Technical area)	Number of Beneficiaries During FY 2002	Number of Beneficiaries During FY 2003	Number of Beneficiaries During FY 2004	Number of Beneficiaries During FY 2005	Number of Beneficiaries During FY 2006	Number of Beneficiaries Over LOA (not a sum)
Obj. 1 Agriculture Production	120,000	120,000	120,000	120,000	120,000	120,000
Obj. 2 Health: Direct Distribution to PLWHAs	60,000	60,000	60,000	60,000	60,000	60,000

Summary by Technical Area:

Objective 1: Agricultural Production

Under Objective 1, ACDI/VOCA will provide grants, training, and monitoring to local and international NGOs and rural business associations using PL-480 funds. Under ACDI/VOCA tutelage and guidance, ACDI/VOCA's partners will implement the three major components of the DAP, which are:

- 1) Crop production enhancement for target food security crops: maize, beans, Upland rice, cassava, millet, sorghum and oilseeds;
- 2) Farm-to-market road rehabilitation, which increases market access for rural producers; and
- 3) Rural financial services through loan guarantees and training of both agricultural sector lenders and "farming as a business" training to farm families.

Program interventions will target all levels of the food chain, from production to processing to marketing. As ACDI/VOCA is beginning a new DAP, new proposals from potential grantees, may will be reviewed in early FY 2002 from potential grantees many of which have been partners under the former DAP.

Some of the programmatic changes in the new implementation period include: a new crop focus to include millet, sorghum and Upland rice; a focus on grades and standards, as well as transportation constraints; integrated training – "Farming as a Business"; and a technical support team to assist grantees in the areas of post-harvest handling, nutrition, account audits, business skills and training.

Objective 2: Health - Food Distribution to People Living with HIV/AIDS and their Families

In FY 2002, ACDI/VOCA and its partners (Africare, CRS, TASO and World Vision) will provide a supplementary food ration to 60,000 People Living With HIV/AIDS (PLWHAs) and their dependents.

In the first quarter of FY 2002, beneficiary information was registered in the field by counselors and subsequently entered into databases. Each partner's database was merged by ACDI/VOCA and used for cross-checking purposes and to produce identification and ration cards.

Partners were trained in September 2001 on storage and handling, reporting requirements, commodity transportation, beneficiary registration and nutritional benefits of corn soy blend. Following receipt of the identity cards and a final warehouse inspection, food distribution will begin in selected sites in early January 2002. ACDI/VOCA will monitor the handling and distribution at each partner site. Thus far, ACDI/VOCA and partners have met the timetable, and are slated to reach full distribution to all 60,000 beneficiaries by the end of the fiscal year.

Additional details on these objectives may be obtained from the 2002-06 DAP.

B. Activity Resource Requirements

1. Financial Plan

a. Comprehensive Budget

The comprehensive budget is located in Appendix C. This budget is the same as approved in ACDI/VOCA's 2002-2006 DAP.

b. FY 2002 Section 202(e) Request & Narrative [see attachment in appendix B]

i. Salaries & Services

Expatriate Staff:

The total number of expatriate staff to be covered under this line item will be 3 in FY 2003. It is projected that salary increases will be capped at 5% of their current base salary.

ACDI/VOCA current fringe benefit is 49.98% of the base salary. This is a 5.92% increase from the previously approved rate of 44.06%. Post differential rate will remain at 25% of the base salary.

ii. Travel

There will be 2 supervisory/field support trips for a total of 28 days by two D.C based project personnel every year.

iii. Other Direct Costs

Storage costs for the 3 expatriate staff will be covered under this line item. Also, other pre-travel costs (i.e. immunizations, visa, communications, copying and duplicating, DHL, and bank fees) will all be covered under direct costs.

iv. Indirect Costs

This relates to the NICRA and is based on the total budgeted expenditure. The current ACIDI/VOCA rate is 33.47% a decrease of 1.68% from the previously approved rate of 35.15% used in the DAP.

c. Monetization (Foreign Currency) Pipeline Analysis

The table below depicts the cash flow projection for FY 2002 based on monetization sales.

	Foreign currency Uganda Shillings	Exchange rate	US Dollar equivalent
1. Opening balance at 10/1/2001 of funds from prior year(s) monetization, including interest (does not include receivables)	15,160,640	1760	\$8,614
2. Total actual and anticipated funds to be received from monetization during FY 2002			
a. FY 2001 (prior year) approved commodities:	a. 6,577,249,000	1750	a. \$3,758,428
b. FY 2002 (this year) approved commodities:	b. 3,462,550,000	1750	b. \$1,978,600
3. Interest earned and anticipated in FY 2002	52,500,000	1750	\$30,000
4. Total expenditure (actual to date + estimated) of monetization funds during FY 2002	9,349,725,000 Ushs	1750 Ushs/\$1	\$5,342,700
5. Anticipated closing balance of monetization funds at 9/30/2002 [lines (1+2a+2b+3)-4]	757,648,500 Ushs	1750	\$432,942
6. Amount of reserve/bridge funding needed to support program operations until FY 2003 monetization sale(s).	757,648,500 Ushs	1750	\$432,942

Monetization LOA Analysis Table

The table below shows the life of activity budget projection. Since ACDI/VOCA is in the first year of DAP implementation, these numbers are projections and taken directly from the 2002-06 DAP.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	TOTAL
Monet. Budget (as approved in T.A.)	\$5,342,700	\$5,342,700	\$5,342,700	\$5,342,700	\$5,342,700	\$26,628,300
Actual Monet Proceeds Received	N/A	N/A	N/A	N/A	N/A	N/A
Actual Monet Expenditure	N/A	N/A	N/A	N/A	N/A	N/A
Monet Budget Request (current action)*	\$5,342,700	\$5,342,700	\$5,342,700	\$5,342,700	\$5,342,700	\$26,628,300

d. Monetization Proceeds

As shown in the table below, anticipated revenues for FY 2002 are expected to cover ACDI/VOCA's budget as indicated in the FY 2002-06 DAP. The vegetable oil figures depict a "worse case" scenario assuming that sales will continue to be weak. The projection estimates that only 2,700 MT will be sold at an average sales price of \$794/MT. The DAP projected sales of 3,500 MT at \$923/MT. The shortfall in vegetable oil sales proceeds will be made up in wheat sales from FY 2001 commodity. Income will be received until roughly January 2002. We anticipate that the balance of wheat for FY 2002 will be sold during the fiscal year since USAID/FFP allowed an early call forward for CRS; these revenues are pooled and shared by all Cooperating Sponsors.

Even if these levels are not reached, there will be some budget cost savings on the agricultural and HIV/AIDS food distribution activities slated to commence in March 2002 and December 2001, respectively as opposed to Oct 1 2001.

FY 2002 Revenue Projection

Commodities	MT	\$/MT	FY 2002 Projected Revenues	Monetization Costs	Net Revenue
Oil (FY'01)	2,700	\$794	\$2,144,571	(\$114,998)	\$2,029,573
Wheat(FY01&FY02)	13,817	\$260	\$3,592,457	(\$ 82,626)	\$3,509,831
Total Revenues			\$5,737,028		\$5,539,404
Interest & Open Bal			\$ 10,207		\$ 10,207
Total Budget			\$5,342,700		\$5,342,700
Balance			\$ 404,535		\$ 206,911

2. Commodities

a. Annual Estimate of Requirements (AER)

Refer to Appendix D for the FY 2003 AER.

b. Commodity Procurement Schedule

The schedule below depicts the expected shipping dates of commodity bound for Uganda in FY 2003.

	“At U.S. Port” dates:	Jan 2003 (MT)	Mar. 2003 (MT)	Apr. 2003 (MT)	June 2003 (MT)	Aug. 2003 (MT)	Sept. 2003 (MT)	Nov. 2003 (MT)	Total (MT)
AER category	Commodity								
1.Objective 1	a. Vegetable Oil (4L)	1,000				910			1,910
(Agric Mon)	b. HRW	5,000		2,610					7,610
Total category		6,000		2,610		910			9,520
2. Objective 2 (Health: Mon)	a. Vegetable Oil (4L)		1,590						1,590
Total category			1,590						1,590
3. Objective 2 (Distribution)	a. Vegetable Oil (4L)		550						550
	b. CSB	1,500			1,500		2,000	1,570	6,570
Total category		1,500	550		1,500		2,000	1,570	7,120
GRAND TOTAL		7,500	2,140	2,610	1,500	910	2,000	1,570	18,230

c. Anticipated Monetization Cost Recovery Calculation and Estimate

Per the table below for wheat grain, we anticipate a lower cost recovery in FY 2003. This is due to a number of reasons. First, high ocean freight projections are used by USAID/FFP. We expect the lowest valid foreign flag rate to be lower for this period. Second, US wheat production levels have been dropping steadily over the past few years as more farmers switch to more profitable crops, e.g. soy beans. A smaller supply of US wheat will certainly drive FAS prices higher. Third, cheaper wheat from Eastern Europe, Latin America, Australia and South Asia continues to make US wheat less competitive in international markets. The sales prices obtained in FY 2001 and an average cost recovery of 91% may be lower in both FY 2002 and FY 2003.

The ideal way to mitigate the threat of buyer migration to other grains is to closely monitor prices, and reduce prices if necessary. In FY 2001 it was shown that \$20/MT could be saved in freight costs by shipping HRW bulk (BNT) using the Grain Bulk Handling Facility in Mombasa. This cost saving measure would allow ACDI/VOCA to reduce costs, retain buyers and supply the market with good quality bread.

Wheat Grain Anticipated Cost Recovery Benchmark for FY 2003:

	Call Fwd. 1	Call Fwd. 2
1. Expected sale date (or period)	Feb. 2004	May 2004
2. Commodity Hard Red Winter Wheat Grain		
3. Tonnage (MT) to be called forward	5,000	2,610
4. Exchange Rate (estimated) (Uganda shillings/\$1 USD)	1800	1800
5. CS estimated FAS cost (total \$/MT)	\$160	\$160
6. Freight estimate (foreign flag) (\$/MT) [include ocean and inland freight (Mombasa-Kampala)]	\$162	\$162
7. C&F total cost est. using foreign flag (\$/MT)	\$322	\$322
8. 80% of C&F cost estimate above (\$/MT) (80% of line 7)	\$257.60	\$257.60
9. Estimated benchmark price (\$/MT) (Line 5 or 8, whichever is greater)	\$257.60	\$257.60
10. Anticipated sales price (\$/MT) (anticipated average if multiple lot sales planned)	\$260	\$260

Note: use exchange rate applicable at time of estimate.
FAS=free along side, C&F=commodity and freight

Vegetable oil Anticipated Cost Recovery Benchmark for FY 2003:

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10
1. Expected sale date (or period)	Oct. 2002	Nov. 2002	Dec. 2002	Feb. 2003	Mar. 2003	Apr. 2003	May 2003	Jul. 2003	Aug. 2003	Sep. 2003
2. Commodity Vegetable Oil										
3. Tonnage (MT) to be sold	350	350	350	350	350	350	350	350	350	350
4. Exchange Rate (estimated)	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,820	\$1,820
5. CS estimated FAS cost (total \$/MT)	\$693	\$693	\$693	\$693	\$608	\$608	\$608	\$608	\$608	\$608
6. Freight estimate (foreign flag) (\$/MT) [ocean + inland]	\$232	\$232	\$232	\$232	\$240	\$240	\$240	\$240	\$240	\$240
7. C&F total cost est. using foreign flag (\$/MT)	\$925	\$925	\$925	\$925	\$848	\$848	\$848	\$848	\$848	\$848
8. 80% of C&F cost estimate above (\$/MT) (80% of line 7)	\$740	\$740	\$740	\$740	\$679	\$679	\$679	\$679	\$679	\$679
9. Estimated benchmark price (\$/MT) (Line 5 or 8, whichever is greater)	\$740	\$740	\$740	\$740	\$679	\$679	\$679	\$679	\$679	\$679
10. Anticipated sales price (\$/MT) (anticipated average if multiple lot sales planned)	\$760	\$760	\$760	\$760	\$750	\$750	\$750	\$750	\$750	\$750

Note: use exchange rate applicable at time of estimate. FAS=free along side, C&F=commodity and freight.

d. Bellmon Analysis

The Bellmon Analysis completed in June 2000 by Mr. John Beijuka and the subsequent Bellmon prepared by Mr. Walter Welz and Dr. Bernard Bashaasha in August 2000 contain data on wheat and vegetable oil that remains largely unchanged. Another Bellmon will be conducted in early 2002 to provide updates. A recent report released by Mukwano Group of Industries, the largest manufacturer of edible oil from imported crude palm oil in Uganda, estimated demand for edible vegetable oil at roughly 90,000 MT/ per annum. This is substantially higher than the Beijuka Bellmon projection for 2001 at 53,240 MT. Given weak USA oil sales in FY 2001 and this proposed demand figure, it would suggest that ACDI/VOCA's market share is substantially lower than reported in the Bellmon, i.e closer to 2.6% compared to 7% as reported. The continued drop in the price of imported crude palm oil as a global trend as alluded in the Welz/Bashaasha Bellmon Analysis report has in fact played out in the Ugandan context, and further contributed to weak USA oil sales.

Both Bellmons supported the premise that demand for wheat would continue to grow. This trend continues and could support the potential for additional wheat to be monetized by ACDI/VOCA as a substitution for vegetable oil monetization. New data supplied by the USAID-funded Post Harvest Handling Project suggests that wheat production in Kapchorwa District in 2000 was 1600 MT, and that a substantial amount of this harvest was exported to Kenya. This figure confirms that wheat production in Uganda continues to diminish and is insufficient to meet national demand.